

PX 114

From: Brad Garlinghouse <[REDACTED]@ripple.com>
Sent: Monday, June 05, 2017 6:12 AM
To: [REDACTED]
Subject: Re: Ripple's May Investor and Advisor Update

[REDACTED]
Happy to do both!

On Indigo: I agree with your sentiment. I don't plan to participate.

Given the mark-up, I have plenty 'riding' as they continue to build the business.

On Crypto, I think there are four drivers so far this year for XRP:

1) macro: government shifts. Japan has effectively legalized crypto as currency. Russia has gone from banning the trading of crypto - to embracing (effective Jan 2018). the overall market (total market cap of all crypto) is at about \$95b right now - which is up 3-4x in 2017. The tailwind from major economies leaning in and supporting digitized currency / currencies is a big deal and likely to continue. If Gold is at \$9 trillion, what's the right valuation for crypto?

2) Another macro change is that many have -historically - viewed Bitcoin as a panacea for all crypto use cases. One manifestation of this is something that is often referenced / measured: bitcoin dominance. This is the percentage of the total crypto market that bitcoin represents (as compared to all of the other 'alt-coins'). Since this category has been created the

bitcoin dominance stood at about 85%. Increasingly, given the technical scaling challenges for Bitcoin, people are realizing that it will not be the panacea for all use case. Today it takes about 3 hours on average to settle / confirm a bitcoin transaction. And the cost per transaction is about \$.60. If you are trying to do real-time payments (as we are) at scale, well, that's just not going to work. So Bitcoin's dominance has reduced to 45% today. While Bitcoin has gone up a lot - most of the market appreciation has accrued to the other digital assets (like XRP).

3) For XRP specifically, when Ripple announces more banks using our technology - that means there is the opportunity for more banks to use XRP for settlement efficiency (more on that in Little Compton). So as Ripple has done well in announcing customers - that has driven market interest in buying XRP as a speculative investment. If you look back - we announced [REDACTED] as a customer in Feb - and that was one of the catalysts to this market rally. And we announced 10 new banks in April - which furthered the rally.

4) Also for XRP more specifically, XRP has been less liquid because it's been harder to buy. We have been listed on fewer crypto exchanges - with markets between only some currencies. In the last couple of months we have had announcements about new exchanges listing XRP - across more fiat pairs. This continues to create tailwinds.

Stepping back - we are continuing to work on #3 and #4 which should hopefully drive some tailwinds... but hard to predict #1 and #2... and of course there are a multitude of externalities that are hard to predict.

Hope that's marginally helpful!

Talk soon
Brad

On Mon, Jun 5, 2017 at 3:03 AM, [REDACTED] wrote:

> Brad.
> Sounds/looks like things are going well.

> Congratulations. Some time - in Little Compton or at the Mill House in
> Heiton - you will have to conduct a seminar (for me at least) on the
> dynamics of cryptocurrency markets and what drives the staggering
> appreciation and/or volatility. I appreciate that the appreciation is
> likely not to be a one-way trip.

> As for [REDACTED] the news strikes me as pretty good, although how good
> is probably a function of the pricing of the forthcoming D round? I
> suppose my predilection is to stay with what I have - and pass on the
> D's, although I will wait and see what the pricing turns out to be.
> Looking forward to seeing you in the not too distant future.

> Best.

> [REDACTED]

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> Sent from my iPhone

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> On Jun 5, 2017, at 1:41 AM, Brad Garlinghouse [REDACTED]@ripple.com> wrote:

>

> Hi everyone,

>

> I'll wanted to share a couple of notable events that took place in May
> that symbolize how we're doing. First, we moved into our new HQ in San
> Francisco, marking a milestone in our maturation as a company. Our new
> home represents the fruits of our continued labor in shipping
> market-leading products and driving real customer adoption. I hope you
> have a chance to visit us soon (in the meantime, see the pictures below)!

>

> Secondly, just last week, more than 20 Ripplers (including) me had a
> very successful showing at Consensus
> <<http://www.coindesk.com/events/consensus-2017/>>, the biggest
> blockchain conference of the year. One of our company objectives is
> to build liquidity for the digital asset XRP so banks and payment
> providers can use it to significantly lower the costs of their
> cross-border payments. Our primary goal at Consensus was to advance
> deals with digital asset exchanges and payment providers that'll build XRP liquidity and payment volume.
> Mission accomplished - both leading into the event
> <<https://ripple.com/insights/news/xrp-liquidity-to-deepen-with-listing-six-new-exchanges/>> and coming out of the event we continue to
> have great momentum in adding exchanges and payment service providers
> as Ripple partners.

>

> I came away from the show not only feeling good about our deal
> progress but also our market position. Our leadership and maturity in
> shipping enterprise-ready products, signing commercial contracts with
> customers and grounding XRP in a real use case made us stand out
> head-and-shoulders above anyone else in the world of blockchain.

>

> We entered the show with the wind at our backs, having lined up a
> series of good news for XRP that'd make our conversations at Consensus
> as productive as possible. We proactively addressed two key objections
> to XRP, publishing our plans to further decentralize the XRP Ledger
> <<https://ripple.com/insights/how-we-are-further-decentralizing-the-ripple-consensus-ledger-rcl-to-bolster-robustness-for-enterprise-use/>>

> and announcing our commitment to lock up the lion's share of our XRP
> in a cryptographically-secured escrow account
> <<https://ripple.com/insights/ripple-to-place-55-billion-xrp-in-escrow-to-ensure-certainty-into-total-xrp-supply/>>
> by the end of 2017.
>
> Despite a proven track record of being good stewards of XRP, we had
> continued to hear concerns in the market that Ripple could
> (hypothetically) sell our 61 billion XRP at any time - a scenario that
> would certainly be bad for Ripple! So with the decision to lock up 55
> billion XRP in escrow, we have given investors a predictable supply
> schedule and removed what skeptics have suggested has been a barrier
> to broad XRP adoption. Suffice it to say, the XRP ecosystem responded very positively to the news.
>
> The bottom line is that we are committed to making XRP the best
> digital asset for payments. While I can't predict future market
> dynamics, this is a very exciting time for us as the market is
> recognizing XRP's real use case
> - liquidity for cross-border payments - and technical superiority
> compared to other digital assets.
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> This recognition has translated into significant improvements in both
> the liquidity (trading volume) and price of XRP. We saw nearly \$6
> billion in trading volume in May alone and XRP is now hovering around
> \$.30 <<https://ripple.com/xrp/market-performance/>>, up approximately
> 500 percent in the last 30 days and over 5,000 percent from the
> beginning of 2017! As a result, XRP has overtaken Ethereum as the
> current number two digital asset by market capitalization and even
> eclipsed Bitcoin on more than one occasion. In fact, factoring in the
> ~\$18 billion of XRP we own, Ripple is worth more than all but four
> U.S. start-ups
> <<http://www.cnbc.com/2017/05/26/bitcoin-rival-ripple-is-sitting-on-many-billions-of-dollars-of-xrp.html>>
> — Uber, Airbnb, Palantir and WeWork. This gives us a tremendous
> advantage in the marketplace to leverage this strength in a multitude
> of ways - with the underlying vision of enabling an Internet of Value!
>
> As always, feel free to reach out with your perspectives or questions.
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> Best,
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> Brad
>
> Reception Lobby/Desk
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>
> Entry
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> Board Room
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> All Hands

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